Pocketbooks, Exports and Organization

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I PICKED up several beautiful ladies' purses in Leipzig one day, just before Christmas. It was on the sixteenth of December, a few years before the war, and I had to deliver my purchases to friends in Lincoln, Nebraska, in nine days. The next afternoon I was in London, and the following morning, moving out of Liverpool on board the Lusitania, off for New York.

While passing through London, I concluded that I would need two or three more gifts and, as my mind had been running on leather goods, I went into the London department store, (Whitely's) to look for more ladies' purses. I found a large assortment in the leather section, but could see nothing, in gracefulness and finish, like those I had bought in Leipzig. What they showed me were short, fat and extraordinarily conservative, it seemed to me, as compared with the delicate and refined things I had in my steamer trunk at the Euston station.

Now here's the point to this little preface:

I remarked to the salesman who was attending me: "The Germans have you beaten on this leather work about a thousand per cent!"

"You think so?" he answered.

"Think so!" I said, "Why, these things look to me as if they were made for the Victorian Age."

"No, we just got them in. They are Christmas goods. You'll be surprised when I tell you that everything on these tables came from Germany. They are made pretty much to order and are what our clientele demands in the way of styles and so forth."

Incidentally, I will say I got through to Lincoln on Christmas day and had dinner with my mother.

The next summer, in company with a friend from Chicago—the late Dr. Skiff, of the Field Museum, who was taking the cure at Bad Nauheim—I visited a near-by town, to be exact, Offenbach, in the suburbs of Frankfort, where they specialize in the manufacture of leather goods of all kinds.

By a bit of manipulation, we managed to obtain an invitation to go through one of the best-known factories there. It was very interesting. They employed some six hundred persons, all adults, and when we had passed through the establishment and were speaking with the son of the proprietor who had acted as our guide, he told us that they manufactured only for the foreign trade; in fact, exclusively for the English and colonial markets. This information was brought out by our particular admiration of an exhibit of table and desk etuis or stationery holders of most elaborate and ornate finish. I recall that the prices mentioned ran as high as $2,500 for single portfolios; extraordinary luxuries, they seemed to us.

On asking where these articles were sold, and saying we had never seen anything like them in America, this young man remarked that the entire line shown in that room was made for the West End of London; that the goods on exhibition in the room we had previously visited were solely for the Australian trade, and so on.

"How about the American market?" I asked. "We have the richest stores in the world."

"Your American tariff makes it impracticable for us to compete to any worth-while extent there."

And why not? We used to make the most out of propaganda of this nature to the effect that the Democratic party was being supported by the free trade interests of England. I began to reflect on the matter and figured it out something like this:

"Here are six hundred trained workers employed in this single factory. They represent a population of not less than three thousand people. These three thousand Germans must, if one analyzes the thing, receive their house rent, food, clothing, amusements, doctor's care, industrial insurance, savings and so forth, from the pockets of England and her colonies."

My vision shot back to the line-up of goods at Whitely's, which I had looked at the winter before in London. I could see the counters and cases of Melbourne and Capetown loaded with these German-made goods, the finest turned out, perhaps, in the world, and I said to myself: "This certainly is some system. I suppose this is what makes a nation rich."

Nor was I at all surprised to read in the papers, about that time, that the London and Chatham Railway had placed an order with the Borsigs of Berlin for several dozen high-class locomotives to use on their lines in England. Then, too, there was in Hannover, where I was consul at the time, an English engineer assigned to the inspection department of the Hannovrische Machinenbau Gesellschaft, which was executing an order for a large number of locomotives for the British India Railway Service; and so the business was moving in all sorts of directions all over the world. If my figures are not too far off, Germany's annual exports of chemical products, just prior to the war, were as great in value as the entire exports of steel products from the United States, and I believe that the United States Steel Corporation had already established its own line of freighters, with thirty or forty ships, to carry its products.

GERMANY recently won a large contract for the sale of steel railway wheels to Argentina in the face of keen competition with England and America. It should be noted that some bids, including an American bid, were lower than those of Germany. But the liberal offer of long credit and quick delivery by the Krupp firm of Essen, landed the contract.

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But aside from the inroads being made on the preserves of her English cousins, by organized and up-to-date Germany in the leather and locomotive lines, the most interesting exhibit of her export system was shown in certain lines of rubber manufacture.

For example, she went off to South America or the Congo to buy her raw rubber, shipped it up the Atlantic to Hamburg and Bremen, say a matter of ten thousand miles; then overland some hundred and fifty miles to Hannover, where it finally became the finished product. Then these rubber goods were sent once more across the Atlantic, to New York, Philadelphia and as far as San Francisco, to reach which places they had to surmount a customs tariff handicap of 35 per cent to come into the hands of the American consumer. They did all that; and the final wonder of the thing was that those Hannover rubber companies were not only paying dividends to their stockholders as high as fifty per cent, but were laying up surpluses of very healthy sums. (I might add that the big rubber companies of Germany had founded settlements and great plantations of their own in Africa at this time.)

How could they do it?

I often wondered as to the secret of their successes, and aside from certain valuable technical advantages of business policy, such as (a) adjustment of credits to the conditions and demands of the purchasers (long term credits), (b) special and elaborate preferential freight rates, on the Prussian railways and the steamship lines, I came to the conclusion that Germany's success in the export field rested chiefly upon (c) the stability and highly satisfactory status of her laboring classes.

This is a difficult matter to elucidate, for the reason that we judge the standard of working people, as well as others for that matter, from the standpoint of wages received. In my judgment, this did not apply to the German workingman—in Germany. It seemed to me, and I believe it is a fact, that the Geman mechanic or factory employe, could get more out of life (in Germany) on his $10, $12, or $18 a week than could be secured from double these amounts, or perhaps for any conceivable wage, in England or the United States. I will just give a few illustrations: He could get his street car transportation to or from his work for from 1¼ to 2½ cents; sanitary housing (under control of sanitary police) for from $5 to $12 a month; music of good quality afternoon and evening if he wished in the saloons and gardens without cost; and first-class beer for two and a half cents a glass. He could take his wife and family of three or four children to gardens or halls on a Sunday or holiday, and spend the whole day with music, games, song and conversation, and altogether his day's outing might cost him fifty cents, or at most a dollar. He could go to the Royal Opera, if his tastes ran that way, and they did often enough, for 10 or 15 cents. There was an employer's liability law that gave him protection in his work. Litigation in the settlement of claims in this respect was hardly of record. And then, above all, there was the state-regulated industrial insurance, where he paid a few cents weekly, the employer paid the same, and the government stood a third portion of the cost. The accumulations of assets in this fund just before the war, were more than twice that of the combined assets of the three greatest life insurance companies of the world, the Equitable, Mutual and New York Life. They exceeded three billion dollars, mostly invested in city apartment properties, and this fund and system served as a protective mantle covering with its benign folds almost 20,000,000 workers of all classes.

These conditions permitted the manufacturer, who was figuring on a two or five years' campaign, we will say in the Argentine, a campaign which might involve long-time credits, special machinery, expert knowledge of the territory and so forth, to calculate with safety on his labor problem, where such would not be the case with the American or English manufacturer.

Through the extraordinary care and development of the great economic force of productive labor on the part of the German nation—(due to the "Real Politiks" of the Social Democratic Party of that country, real politiks meaning to promote only for that which is practicable)—the German workingman has very generally come to accept his status, with a certain finality, to don his workman's uniform when he enters the factory, and to speak without shame of being a worker or laboring-man.

There is a noticeable absence in Germany of that silent, though apparent protest against his status, in the social economic scheme, which one may observe when watching the British workingman on his job. Fifty per cent, I should say, of these workingmen at the foundry puddling-pots, or at their machines, may be seen in dirty white shirts, hang-overs from the previous Sunday clean-up. These shirts will be covered with gunny-sack aprons or some improvised protection of nondescript character. You will be told that the British workingman is shiftless and improvident. My first thought, however, in making comparative studies of the English factory or mill worker, as against his German colleague, was very definitely that he was working under protest, and that his "gentleman's shirt," even if smeared with grime and grease, was the sign and proof of such protest.

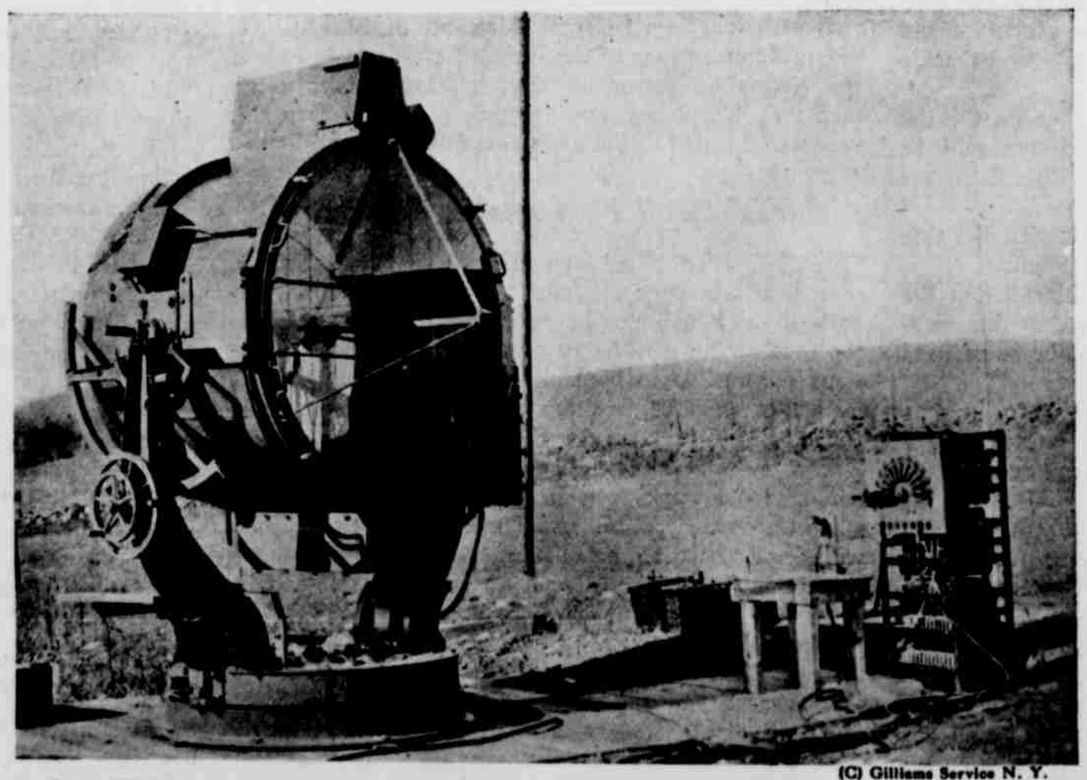
Now when I speak of the German workingman donning his workman's uniform, I can best explain what I mean by saying that a visit to a German manufacturing establishment will disclose to you that practically all the workers are clothed in a manner suitable to their occupation; with jumpers, overalls or proper aprons; and when a factory is closing down at the end of the day, and the workers are coming out, they are dressed and cleaned ready to go to some garden, theater, or home as the case may be.

This simple difference in the outer aspect of the workers of England as compared with those of Germany, was a sort of final argument in my mind as to the stability of the German working class.

There has been no sudden change in the spirit and scheme of economic Germany. She has been, from the politico-economic standpoint, operating on the basis of state socialism for the past twenty years. True, the machine has heretofore been directed by the capitalistic individualistic class, and with unprecedented success. The only change, however, to record now is that the same institution, still intact, is being run or has been run since the revolution, not by the "vons," "junkers" and so-classed aristocrats, but by the Socialist leaders.

The same marvelous preferential freight tariffs (comprising not less than 1,000 different schedules, calculated solely to build up the special industries of the country) exist; the cartels for the control of prices are intact and strengthened; the state railroad system and inland waterways are functioning. For my part, I can see no reason why the country will not again shortly be overridden by commissions from America and England and other parts of the world to try and find out "how the Germans do it."

The World's Largest Searchlight Just Finished



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It has 500-million candle power and is to be the Liberty Light of the Golden Gate, as it will be installed on Mount Tamalpais, near San Francisco. The searchlight weighs nearly three tons, is ten feet high and has a 60-inch lens. Its beam will be seen at sea a distance of 70 miles. You could read a newspaper by its light ten miles away, or light your cigar with it at a distance of ten feet. W. D. A. Ryan, the famous illuminating engineer who lighted the Panama Pacific International Exposition, first suggested the use of the light to stand as a sentinel at the Golden Gate. The picture shows the light connected to a switchboard the same as it will be when installed.